Special Feature
Fare Premiums by Airport

Since the inception of this report, there has been a broad interest in the contents of Table 2. More specifically, many readers of this report use the average yields in Table 2 as a basis to compare fare levels at various cities. This Special Feature expands on the use of average yields by providing fare premiums for the airports in the cities listed in table 2. A fare premium (or discount) is the measure of an airport's average prices compared to the average prices on other routes nationwide that are comparable in terms of density, i.e., passenger volume, and distance.

It is our intention to make the attached Special Feature table a regular addition to the *Domestic Consumer Air Fare Report*. The data used as a basis for the fare premiums differ from the data in the rest of the report in two important ways. The fare premiums in the table are calculated for all airport-pairs in markets with an average of more than twenty passengers each day and therefore is based on a more comprehensive dataset than is covered in the top-1,000 city-pair markets considered in this report. The calculations also are based on airport-pair markets, as opposed to the city-pair markets considered in Tables 1 – 5. In order to provide users of this report with more detail, we have made a file available on the Internet that provides the information from Table 1 for airport-pair markets for multiple-airport city-pair markets. Links to the data downloads related to this report can be found at http://ostpxweb.dot.gov/aviation under "What's Hot."

In past reports published by the DOT, dominated hub fare premiums were calculated by comparing the individual hub's data to industry data for non-hubs.[1] Because hub markets tend to have higher fares, the resulting hub premiums found in our own past studies were generally higher than the premiums for dominated hub airports found in this report. The method used in the past provides a more accurate reflection of fare premiums at dominated hubs. However, in the interest of consistency, fare premiums for all cities in this study -- from small spoke cities to large dominated hubs -- have been calculated using total industry data (less the airport being examined) so that comparisons may be drawn between airports.

The purpose of this Special Feature is twofold. First, it provides important fare data for service at some smaller communities which may not be adequately represented by data restricted to the top 1,000+ markets. Therefore, the average yields listed in Table 2 may not be a suitable measure for comparing fare levels among those cities. It is important to note the important role that distance plays in determining average yields. The per-mile costs associated with flying long-haul flights are lower than the per-mile costs for short-haul flights. Therefore it is imperative to consider stage-length when comparing fares in two or more markets. For example, it would not be correct to assume that Harlingen, with an average yield of 24 cents/mile, has worse fares than Hartford, which has an average yield of only 15 cents/mile. The average stage length of city pair-markets

[1] Our most recent study, *Dominated Hub Fares*, January 2001, used a quite different methodology. Instead of comparing a single airport's fares to the rest of the industry, we compared each dominated hub's markets without low-fare service to hub markets with low-fare service.

involving Hartford is over three times that of Harlingen. When compared to other markets with similar passenger volumes and distances, Harlingen's fare are actually 26 percent lower than the industry average, while Hartford's are only 2 percent lower than the industry average.

The second point illustrated by this additional table is the impact of low-fare competition on an airport's fares. The percent of passengers traveling in low-fare markets is included in the table to show the correlation between low-fare competition and fare premiums. Data for each airport is also presented separately for short- and long-haul markets.[2] In short-haul markets involving network carrier hubs, fare premiums are almost always higher than in long-haul markets where the network carrier is subject to connecting competition.

Effects of Low-Fare Competition and Market Domination on Fare Levels

The airports are arrayed in the attached table according to fare premiums. The number of destinations and passengers affected at each airport are included, as well as the percent of passengers at the airport that flew in an airport-pair with low-fare service. We include the latter information because we believe that the presence of low-fare competition at an airport is indicative of how competitive fares are at an airport. Data for each airport are then provided in the same detail for short- and long-haul markets, in order to further highlight particular fare premiums.

The airports with the highest fare premiums have no low-fare competition. Charlotte, Cincinnati, and Richmond all have premiums of 40 percent or greater, and no O&D traffic moving in markets with a low-fare competitor. While low-fare participation in a market inarguably tends to lower fares, it does not appear to always fully discipline the effects of the power of hub carriers to charge higher fares. All but five markets with greater than 50 percent of passengers flying in low-fare markets have either no fare premium or a fare discount when compared to industry markets of similar size and distance. Four of the five exceptions, Minneapolis, St. Louis, Atlanta, and Detroit, are network carrier hubs.

In markets without much low-fare service, short-haul markets are generally responsible for a greater proportion of the fare premiums. Long-haul markets -- even those without low-fare competition – have connecting service among network carriers, which brings about more competitive prices. Short-haul markets (particularly those out of a dominated network hub) lack connecting competition, and are more likely to have higher fare premiums if low-fare service is not present as a competitive factor. At US Airways' network hub in Pittsburgh, for example, where there is little low-fare service, short-haul markets have a fare premium of fifty-seven percent over fares in comparable industry markets. In long-haul markets, where US Airways is subject to connecting competition from other network carriers, Pittsburgh's fare premium is only nine percent. Conversely,

[2] Short-haul markets are defined as airport-pairs 750 or less nonstop miles apart. Long-haul markets are those over 750 miles nonstop.

where an airport's low-fare competition is clustered in its short-haul markets, the short-haul fare premium is low.

Fourth Quarter 2000 Average Fare Premiums (Discounts)
Sorted by Fare Premium

		All Markets with More Than 20 Psgrs/Day					Short-haul Markets with More Than 20 Psgrs/Day					Long-haul Markets with More Than 20 Psgrs/Day				
City	Airport	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium
CHARLOTTE, NC	CLT	95	1,191,370	0%	$248	57	64	897,580	0%	$240	62	31	293,790	0%	$287	41
CINCINNATI, OH	CVG	93	1,115,850	0%	$244	52	58	620,340	0%	$250	78	35	495,510	0%	$236	26
RICHMOND, VA	RIC	69	504,320	0%	$234	40	35	313,140	0%	$229	50	34	191,180	0%	$244	22
PITTSBURGH, PA	PIT	100	1,463,200	5%	$210	37	61	866,550	2%	$214	57	39	596,650	8%	$203	9
DALLAS, TX	DFW	173	4,574,240	20%	$240	36	62	1,392,600	39%	$164	10	111	3,181,640	11%	$274	46
CHICAGO, IL	ORD	170	6,189,470	7%	$214	27	86	2,970,110	4%	$197	43	84	3,219,360	10%	$230	17
PHILADELPHIA, PA	PHL	138	3,168,940	26%	$205	26	69	1,406,780	18%	$207	46	69	1,762,160	33%	$203	8
NEW YORK, NY	EWR	173	4,487,620	21%	$210	26	66	1,610,370	21%	$211	43	107	2,877,250	22%	$210	15
BOSTON, MA	BOS	139	4,455,290	6%	$191	23	41	1,707,620	0%	$171	54	98	2,747,670	9%	$208	9
NEW YORK, NY	LGA	176	5,443,480	29%	$185	23	64	2,594,190	9%	$169	39	112	2,849,290	48%	$201	12
WASHINGTON, DC	DCA	159	2,960,640	9%	$188	23	77	1,761,160	2%	$175	32	82	1,199,480	20%	$211	11
ROCHESTER, NY	ROC	58	476,020	30%	$168	23	29	305,300	22%	$160	42	29	170,720	44%	$186	-3
WASHINGTON, DC	IAD	158	1,677,980	18%	$202	23	78	607,660	34%	$179	34	80	1,070,320	9%	$222	16
DENVER, CO	DEN	162	4,024,990	44%	$221	23	37	1,080,250	69%	$167	8	125	2,944,740	35%	$241	27
MINNEAPOLIS, MN	MSP	138	3,234,000	51%	$211	21	52	1,145,820	51%	$178	30	86	2,088,180	51%	$229	18
HOUSTON, TX	IAH	145	2,694,010	6%	$215	21	42	761,060	18%	$127	-5	103	1,932,950	2%	$249	27
MEMPHIS, TN	MEM	82	835,400	19%	$203	19	48	493,230	28%	$187	18	34	342,170	5%	$227	19
ST. LOUIS, MO	STL	120	2,364,220	59%	$184	16	68	1,368,060	58%	$148	7	52	996,160	61%	$232	26
DES MOINES, IA	DSM	52	283,290	3%	$216	16	17	106,320	4%	$228	45	35	176,970	3%	$208	2
CLEVELAND, OH	CLE	101	1,783,960	42%	$176	15	54	1,029,590	49%	$167	29	47	754,370	31%	$192	0
SYRACUSE, NY	SYR	56	372,160	0%	$190	14	23	157,560	0%	$203	39	33	214,600	0%	$178	-5
HOUSTON, TX	EFD	106	19,910	0%	$205	13	34	5,070	0%	$151	13	72	14,840	0%	$223	13
ATLANTA, GA	ATL	162	6,202,070	50%	$176	13	105	4,314,950	61%	$160	11	57	1,887,120	27%	$221	16
AUSTIN, TX	AUS	99	1,525,000	63%	$190	10	26	524,810	83%	$111	-9	73	1,000,190	53%	$231	16
CO SPRINGS, CO	COS	65	431,410	0%	$209	8	14	117,600	0%	$171	-6	51	313,810	0%	$224	13
NORFOLK, VA	ORF	78	551,700	0%	$186	6	39	321,030	0%	$178	6	39	230,670	0%	$204	6
DETROIT, MI	DTW	138	3,378,870	52%	$178	5	79	1,856,070	43%	$167	21	59	1,522,800	63%	$193	-8
SANTA ANA, CA	SNA	90	1,669,750	26%	$161	4	13	799,960	53%	$103	-9	77	869,790	0%	$234	13

Fourth Quarter 2000 Average Fare Premiums (Discounts)
Sorted by Fare Premium

		All Markets with More Than 20 Psgrs/Day					Short-haul Markets with More Than 20 Psgrs/Day					Long-haul Markets with More Than 20 Psgrs/Day				
City	Airport	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium
MILWAUKEE, WI	MKE	87	1,119,080	24%	$191	2	45	498,020	14%	$201	23	42	621,060	31%	$183	-11
GREENSBORO, NC	GSO	64	563,410	19%	$172	1	39	436,940	24%	$161	0	25	126,470	2%	$225	4
MIAMI, FL	MIA	112	1,960,630	11%	$183	0	22	356,160	42%	$149	-9	90	1,604,470	5%	$192	2
SAN FRANCISCO, CA	SFO	144	4,734,470	25%	$169	-1	20	1,764,930	35%	$106	-17	124	2,969,540	19%	$263	13
HARTFORD, CT/SPRING	BDL	95	1,558,740	38%	$166	-2	33	441,030	45%	$165	19	62	1,117,710	35%	$167	-10
SAN JOSE, CA	SJC	88	2,659,870	71%	$141	-4	16	1,701,150	100%	$94	-22	72	958,720	20%	$296	28
DAYTON, OH	DAY	62	457,460	38%	$173	-5	31	259,420	34%	$172	2	31	198,040	43%	$176	-13
MANCHESTER, NH	MHT	62	692,000	68%	$152	-5	18	293,540	67%	$134	-1	44	398,460	70%	$172	-8
PROVIDENCE, RI	PVD	76	1,175,890	68%	$149	-5	24	444,370	65%	$133	6	52	731,520	69%	$162	-12
RALEIGH/DURHAM, NC	RDU	106	1,854,940	51%	$150	-6	63	1,317,080	50%	$136	-9	43	537,860	53%	$206	4
COLUMBUS, OH	CMH	91	1,272,480	42%	$167	-7	50	589,980	25%	$171	16	41	682,500	57%	$163	-22
SAN ANTONIO, TX	SAT	106	1,417,660	66%	$166	-7	28	500,610	79%	$106	-26	78	917,050	58%	$199	0
ALBANY, NY	ALB	62	567,420	57%	$157	-8	24	223,320	43%	$151	2	38	344,100	67%	$163	-14
LITTLE ROCK, AR	LIT	61	480,440	62%	$156	-9	28	297,010	71%	$123	-18	33	183,430	48%	$209	2
TULSA, OK	TUL	73	653,500	65%	$157	-9	30	371,940	64%	$125	-16	43	281,560	67%	$200	-2
INDIANAPOLIS, IN	IND	98	1,532,670	56%	$166	-9	53	688,060	37%	$170	8	45	844,610	71%	$163	-20
PALM SPRINGS, CA	PSP	36	190,880	0%	$174	-10	5	43,110	0%	$125	-19	31	147,770	0%	$192	-7
OMAHA, NE	OMA	72	725,590	56%	$163	-10	21	270,040	68%	$142	-7	51	455,550	49%	$176	-11
NASHVILLE, TN	BNA	105	1,552,220	67%	$157	-10	66	1,018,450	62%	$144	-9	39	533,770	78%	$182	-11
OKLAHOMA CITY, OK	OKC	79	688,470	65%	$159	-11	31	328,370	69%	$124	-20	48	360,100	62%	$192	-6
LOUISVILLE, KY	SDF	75	784,050	61%	$153	-11	44	547,740	63%	$141	-9	31	236,310	57%	$180	-16
JACKSON, MS	JAN	51	251,120	60%	$165	-12	26	155,100	58%	$143	-19	25	96,020	64%	$200	0
WEST PALM BEACH, FL	PBI	84	1,219,250	38%	$158	-12	14	126,900	0%	$159	-1	70	1,092,350	43%	$158	-13
LOS ANGELES, CA	LAX	171	7,113,740	55%	$149	-12	28	2,556,740	84%	$87	-25	143	4,557,000	38%	$212	-5
NEW YORK, NY	JFK	167	2,049,360	43%	$138	-13	58	320,040	56%	$108	6	109	1,729,320	40%	$151	-18
NEW ORLEANS, LA	MSY	106	1,995,470	59%	$151	-13	42	936,500	77%	$120	-17	64	1,058,970	43%	$180	-11
DALLAS, TX	DAL	146	1,457,330	94%	$107	-13	49	1,300,240	99%	$88	-23	97	157,090	55%	$263	30
KANSAS CITY, MO	MCI	111	2,197,710	76%	$150	-14	47	1,117,390	81%	$123	-17	64	1,080,320	70%	$177	-12

Fourth Quarter 2000 Average Fare Premiums (Discounts)
Sorted by Fare Premium

		All Markets with More Than 20 Psgrs/Day					Short-haul Markets with More Than 20 Psgrs/Day					Long-haul Markets with More Than 20 Psgrs/Day				
City	Airport	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium
SAN DIEGO, CA	SAN	120	3,168,370	69%	$136	-14	18	1,451,080	97%	$87	-29	102	1,717,290	46%	$204	-3
JACKSONVILLE, FL	JAX	83	1,083,470	49%	$140	-14	31	541,670	69%	$121	-17	52	541,800	28%	$161	-12
PORTLAND, OR	PDX	119	2,338,750	57%	$141	-15	28	875,250	72%	$97	-26	91	1,463,500	48%	$176	-8
SALT LAKE CITY, UT	SLC	102	1,924,850	64%	$152	-15	27	1,151,250	88%	$109	-27	75	773,600	27%	$224	-2
BIRMINGHAM, AL	BHM	71	622,670	71%	$157	-15	42	444,450	74%	$139	-22	29	178,220	64%	$208	3
HOUSTON, TX	HOU	140	1,572,570	95%	$126	-15	40	1,030,670	97%	$97	-21	100	541,900	93%	$179	-9
SEATTLE, WA	SEA	149	3,952,990	48%	$152	-16	33	1,296,200	67%	$102	-32	116	2,656,790	38%	$186	-8
EL PASO, TX	ELP	62	634,480	78%	$146	-17	22	422,960	88%	$116	-27	40	211,520	58%	$208	-1
BALTIMORE, MD	BWI	129	3,795,980	75%	$130	-17	62	1,982,760	73%	$108	-18	67	1,813,220	77%	$167	-16
TUCSON, AZ	TUS	69	741,810	53%	$144	-17	16	351,350	89%	$91	-35	53	390,460	20%	$198	-4
ONTARIO, CA	ONT	81	1,458,400	82%	$120	-17	14	836,320	94%	$83	-27	67	622,080	66%	$187	-8
BURBANK, CA	BUR	45	1,154,780	87%	$99	-17	15	942,140	88%	$83	-21	30	212,640	80%	$174	-8
BUFFALO, NY	BUF	66	908,790	55%	$127	-17	31	535,600	50%	$120	-5	35	373,190	63%	$139	-31
ALBUQUERQUE, NM	ABQ	83	1,161,160	77%	$146	-18	25	623,740	91%	$115	-24	58	537,420	61%	$183	-14
OAKLAND, CA	OAK	67	2,398,800	93%	$110	-19	15	1,892,880	100%	$89	-27	52	505,920	65%	$247	10
TAMPA, FL	TPA	134	3,191,490	58%	$142	-19	39	780,780	72%	$121	-18	95	2,410,710	54%	$150	-19
SACRAMENTO, CA	SMF	82	1,783,010	82%	$119	-19	17	1,235,150	95%	$91	-28	65	547,860	54%	$225	3
PHOENIX, AZ	PHX	150	4,931,510	76%	$140	-19	22	2,131,110	95%	$92	-25	128	2,800,400	61%	$182	-16
FT. MYERS, FL	RSW	87	1,078,760	45%	$153	-19	8	79,640	60%	$140	-12	79	999,120	44%	$155	-20
SAVANNAH, GA	SAV	50	296,810	26%	$145	-21	27	186,140	37%	$136	-24	23	110,670	8%	$164	-13
BOISE, ID	BOI	54	558,660	76%	$122	-23	22	446,720	85%	$105	-29	32	111,940	41%	$222	0
AMARILLO, TX	AMA	19	153,920	86%	$108	-24	9	123,280	88%	$93	-29	10	30,640	78%	$169	-8
FT. LAUDERDALE, FL	FLL	116	3,387,350	75%	$136	-25	24	623,790	90%	$109	-19	92	2,763,560	72%	$143	-26
CHICAGO, IL	MDW	158	2,723,070	99%	$118	-25	82	1,478,170	98%	$96	-21	76	1,244,900	99%	$144	-27
ORLANDO, FL	MCO	151	5,335,660	58%	$136	-25	41	855,640	67%	$124	-18	110	4,480,020	57%	$139	-26
LUBBOCK, TX	LBB	31	229,190	89%	$108	-26	17	191,570	92%	$94	-30	14	37,620	72%	$179	-10
HARLINGEN, TX	HRL	24	171,260	94%	$111	-26	11	130,350	94%	$93	-30	13	40,910	95%	$167	-17
SPOKANE, WA	GEG	54	617,400	83%	$111	-27	9	382,920	96%	$78	-36	45	234,480	61%	$173	-17

Fourth Quarter 2000 Average Fare Premiums (Discounts)
Sorted by Fare Premium

		All Markets with More Than 20 Psgrs/Day					Short-haul Markets with More Than 20 Psgrs/Day					Long-haul Markets with More Than 20 Psgrs/Day				
City	Airport	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium	Markets	Psgrs	Psgrs in Low-Fare Mkts	Mkt Avg Fare	% Fare Premium
LAS VEGAS, NV	LAS	150	5,845,290	84%	$118	-28	29	2,487,350	94%	$84	-26	121	3,357,940	76%	$155	-29
RENO, NV	RNO	66	961,750	80%	$103	-31	18	696,390	96%	$81	-38	48	265,360	39%	$186	-15
ISLIP/LONG ISLAND, NY	ISP	34	445,420	96%	$113	-32	8	119,790	96%	$80	-39	26	325,630	96%	$127	-30
TAMPA, FL	PIE	23	100,740	100%	$120	-32	1	10	0%	$39	-65	22	100,730	100%	$120	-32
MYRTLE BEACH, SC	MYR	35	246,490	68%	$109	-38	25	209,170	72%	$106	-40	10	37,320	44%	$132	-27
ATLANTIC CITY, NJ	ACY	6	139,350	100%	$114	-39	1	11,920	100%	$88	-52	5	127,430	100%	$116	-37